



Department of Justice

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JUSTICE DEPARTMENT REQUIRES DIVESTITURE IN FLOWSERVE'S ACQUISITION OF INGERSOLL-DRESSER PUMP CO.

Divestiture Will Preserve Competition in Sale of Engineered Pumps for U.S. Oil Refineries and Power Plants

WASHINGTON, D.C. -- The Department of Justice today announced that it will require Flowserve Corporation, one of the world's largest manufacturers of pumps and related products and services, to sell certain pump lines, as well as some of its United States production and service facilities, in order to resolve the Department's antitrust concerns about Flowserve's \$775 million acquisition of Ingersoll-Dresser Pump Company (IDP).

The Department's Antitrust Division filed a lawsuit today in U.S. District Court in Washington, D.C. to block the proposed transaction. At the same time, the Department filed a consent decree that, if approved by the court, would resolve the lawsuit and the Department's competitive concerns.

"Without these divestitures, large industrial users who purchase these pumps would have paid higher prices," said Joel I. Klein, Assistant Attorney General in charge of the Department's Antitrust Division. "These divestitures will ensure that purchasers of these pumps continue to receive the benefits of competition."

According to the Department's complaint, the acquisition as originally proposed would have likely resulted in higher prices for API 610 pumps and power plant pumps used in the U.S. API 610 pumps are specialized, highly engineered pumps that perform critical functions in an oil

refinery, including the movement of erosive, hot and flammable petroleum-based liquids under high pressure. Power plant pumps are also specialized, highly engineered pumps that are used in the steam cycle of a power plant. The pumps, which cost between \$20,000 and \$500,000, are sold through a bidding process. For most bids, there are only three or four credible competitors, and Flowserve and IDP are two of them.

Under the proposed consent decree, Flowserve and IDP must license eight lines of pumps to a firm that will manufacture the pumps and compete with Flowserve for sales to oil refineries and power plants in the U.S. In addition, Flowserve must divest its manufacturing plant in Tulsa, Oklahoma, as well as IDP's service centers in Batavia, Illinois and La Mirada, California.

Flowserve, a New York corporation, has its principal offices in Irving, Texas and has offices and facilities in 25 locations nationwide. It manufactures, sells, and services a broad array of pumps, valves, and seals in the U.S. and elsewhere which are used in a variety of manufacturing and processing industries. The company's 1999 annual revenue totaled more than \$1 billion.

IDP, a Delaware general partnership, is headquartered in Liberty Corner, New Jersey and has offices and facilities in 27 locations nationwide. Ingersoll-Rand Corporation, based in Woodcliff Lake, New Jersey, is the general partner that controls IDP. IDP manufactures, sells, and services a broad array of pumps in the U.S. and elsewhere. It reported 1999 sales of more than \$875 million.

As required by the Tunney Act, the proposed consent decree will be published in the Federal Register, along with the Department's competitive impact statement. Any person may submit written comments concerning the proposed decree during a 60-day comment period to

325 Seventh St., N.W., Suite 400, Washington, D.C. 20530. At the conclusion of the 60-day comment period, the U.S. District Court for the District of Columbia may enter the consent decree upon finding that it serves the public interest.

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